G. R. S. IX-5]

Previous references.

File No. 93-19

1919

(67)

Serial Nos. 5&11

Later references.

9.793-19-19 F.L.

18-22-1

GENERAL AND REVENUE SECRETARIAT.

Serial Nos. 2

Part B for March 1920

SUBJECT.

Increase of capital of the Bank of Mysore Ltd. by 30 lakhs.

5:11

To The First Member of Council (Chairman) The Heads of the Departments Members of the Committee.

No. H 5500-99 9-3-1920.

Directs the constitution of a committee to examine the position of the Bank with a view to increase its usefulness

W D 1250—GPB—30,000 28-1-19

1920

GENERAL AND REVENUE SECRETARIAT.

93-19

NOTES.

93-19

File No. 93-19

File Heading.

Increase of Capital of the Bank of Mysore Ltd.

From The Manager, Mysore Bank

No. 828. Dated 18-11-19 Received 20-11-19

Diary No. 1114 Enclos. 1 Spare Copies. Serial No. 1

Brief Abstract of Letter.

Proposing to increase Forwards copy of notice convening the Capital of the Bank by 30 lakhs.

Also sends Contains the Financial Secy's note on page 3

NOTES AND ORDERS.

2nd Secy. Very early. Is Govt. sanction necessary to raise the capital of the Bank."

Under para 7 (b) of the rules of 12th March 1913, the capital of the Bank

Notes—First Sheet.

1714

G. R. S. III-2

General and Revenue Secretariat. | File No. | of 191

Serial No.

Should be not less than 20 lakhs. There is nothing in the Order to show that Govt. sanction is necessary to raise the capital. The original file leading to the Order of 12th March 1913 is sent up.

Videpara 7 of GO 12.3.1913 I

I

hol 21/11. 3) Vide also para 5 of the said order —

TBR 21/11

Govt. concurrence is only deliberately in the terms of articles of association and if they wish to alter any of the conditions imposed specified in the order — Reference is invited to Govt. letter No 4211 dated 29-1-13 in connection with the registration of the memorandum & articles of association

R

18/2/14

257

1569/9/17

Note—Contn. sheet

G. R. S. III-2]

General and Revenue Secretariat.

D.1714.

G.F. File No. 13 of 1914.

Financial Secretary, 1914

Serial No.

The Bank of Mysore has sent us a notice regarding the proposed increase of its authorised capital from 20 to 50 lakhs and of its paid-up capital from 10 to 20 lakhs. The 20,000 new shares are to be issued at a premium of Rs.30/- per share and the total income of 6 lakhs is proposed to be added to the Reserve Fund. Of the additional authorised capital of 30 lakhs, 10,000 shares or 10 lakhs are not proposed to be issued now.

2. The first point for consideration is what action is called for on the part of Government in regard to the proposed increase of capital and of the Bank. Additional paid-up capital and the enlarged reserve increase the resources of the Bank, the need for which is growing and the new capital - paid-up and uncalled - as well as the increased reserve add to the stability of the Bank in relation to its depositors, whose balances with the Bank have largely increased and are still increasing. Under Government Order dated the 12th March 1913, the sanction of Govt. is not necessary for increasing the capital of the Bank and no advice against the raising of capital need be given under condition No. viii specified in para 5 of the said order as the step proposed to be taken by the Bank has, as stated

Note—Contn. sheet.

G. R S. III-2]

General and Revenue Secretariat.

% D. 1714.

G.F. File No. of 191.

Serial No.

stated above, much to recommend it.

3. The general question of relation of Government with the Bank may be considered in this connection. Trade and industry depend on banking facilities and Government are interested in the extension of such facilities. The need for mobilising the capital of the country and turning it to the best use will be greater in the future than in the past and it is only through Banks that this can be done. Government will have to borrow funds for capital expenditure and the help of the Mysore Bank will be required in floating public loans. It is also necessary to ensure that an institution started under Government auspices and using Government balances and the savings of the people and dealing with the financing of trade and industry is worked in the general interests of the country and not made to serve sectional or particular interests. For these reasons, there must be some arrangement for maintaining close relations between Government and the Bank and for making the latter generally amenable to the advice of the former.

4. According to Government Order dated the 12th March 1913, the Bank need conform to the conditions specified in para 5 of the order only

Note—Contn. sheet.

till

Serial No.

till the concessions mentioned in para 4 thereof are allowed to it. The substantial concessions are only three, namely,

(i) a deposit of 5 lakhs free of interest for 10 years and another of equal amount at concessional rate of interest for the same period,

(ii) half the working expenses of the Bank not exceeding Rs.10,000 per annum to be paid by Government for five years, and

(iii) the Bank to be permitted to do at specified places such treasury work as Government may decide.

It is about 6 years since the Bank was started and so concession No. (ii) has been withdrawn.

No. (i) will also be withdrawn after four years more. The arrangement of allowing a sum of 10 lakhs free of interest or at a reduced rate of interest is not also convenient for being continued for a long time or permanently. No treasury work proper has been entrusted to the Bank according to concession No. (iii). In these circumstances, the time will soon come when the Bank will enjoy none of the concessions and it may claim to be freed from the conditions mentioned in para 5 of the Government Order of 12th March 1913 and the close relations that should exist between Government and

the

Serial No.

the Bank in the interests of both as well as in the public interests may not be maintained. It is, therefore, necessary to consider how such relation should be continued as a permanent -- measure.

(2). 5. It will not be possible to expect the Bank to be bound by the advice and instructions of Government unless some compensating advantage is allowed to it. The relation between the Presidency Banks and the Government of India is chiefly the result of the arrangement under -- which the former act as the Bankers of the latter and obtain the use of Government cash balance entrusted to them. We should also gradually arrange for entrusting to the Bank of Mysore as much as possible of the treasury work. There are, however, difficulties in entrusting to a Bank the major portion or whole of Government cash balances and the experiment of leaving -- Government balances with one of the Presidency Banks - The Bank of Bombay - was not a success and the system of Reserve Treasuries now obtaining in British India was the result of the failure of the experiment. The Reserve Treasury sy system is also criticised as withdrawing funds ~~From~~ which might be made available for financing trade and consequently as tending to rise the

rate

Serial No.

rate of interest. The problem presents many difficulties and it is not easy to think of a solution which satisfies the requirements of trade without fettering the freedom of Government in the use of its cash balances. The demands on Government balances have to be met promptly and they are often large and cannot also be always foreseen.

(a) 6. The three Presidency Banks of British India will be soon amalgamated and the Presidency Banks Act is being revised to modify it to suit the needs of the times. We may wait and see on what lines the relations of the Government of India to the new amalgamated Bank will be regulated, and then consider with what modifications suited to local needs and conditions, we may follow the arrangement introduced in British India. It seems best to provide for Government control over the Mysore Bank by means of legislation instead of by executive orders or by mutual understanding to be arrived at from time to time between Government and the Bank.

(b) 7. In the meantime, it may be considered if the purchase of any part of the new issue of shares notified by the Bank will enable Government to maintain or increase their influence over the Bank for securing the several objects referred to in para 5 supra. To be in a position to make himself

himself felt a shareholder should get elected as a Director. The question of the advisability of -- having a Government Director on the Board of the Bank was considered when the Bank was started and it was held that the presence of a Government Director on the Board was undesirable. If a Government Director is considered desirable, the necessary provision for his appointment should be made in the Articles of Association and it is not consistent with the dignity of Government that their representative should seek election by the shareholders as a Director. We may wait and see if any provision will be made for having Government Directors on the Board of management of the amalgamated Presidency Banks. Now there are no such Directors on the Boards of the three separate Presidency Banks.

8. The maximum number of votes that a shareholder can have is 35 according to Article No.114 of the Memorandum of Association and the number of shares necessary for election as Director is 50. Vide Article No. 62. If 350 shares are bought, Government will get the full rights of a shareholder for election as a Director and for exercising the maximum voting power which a single shareholder can have. But as I have already stated, Government cannot largely influence the working

Serial No.

working of the Bank either by voting at General Meetings or by having a representative on the Board of Directors. The power that Government should have over the Bank is for furthering the interests of trade and industry of the country and for exercising the general supervision necessary for seeing that Government balances and the savings of the people entrusted to the Bank are properly employed and not for taking part in its everyday business. The holding of shares will not therefore be of direct use to Government in the exercise of these powers. But in the absence of any legislative measures giving Government the right to influence the working of the Bank, the only means open for exercising such right after the period of concessions expires is to hold a fairly large block of shares and insist, if necessary, on the Bank taking on its Board of management, one or more of the representatives of Government. The Bank is working well and declaring good dividends and the purchase of some shares will be a good investment which can be realised, whenever necessary. I would, therefore, suggest that Bank may be requested to issue to Government at the rate at which the other 20,000 shares are offered to share holders, 5,000 out of the 10,000 new shares -- created but not proposed to be issued now. The

Bank

Serial No.

Bank may also be asked to give Government the first refusal of the balance of 5,000 shares when it is proposed to issue them.

9. The purchase of 5,000 shares will involve an expenditure of Rs. 4 lakhs - Rs. 1½ lakhs for premium and Rs. 2½ lakhs for paid-up amount and a future liability of 2½ lakhs on account of uncalled portion of shares.

P.S.-- Since writing the above, I have learnt that the proposal of the Directors to increase the capital of the Bank has not been passed by the shareholders. The majority of the latter ~~part~~ -- appear to claim the issue of new shares at par. The general objects of the Bank are overlooked by the shareholders and their action in demanding the issue of the new shares at par instead of at some premium is unreasonable. That a State-aided Bank has to serve the large interests of the country, and not simply the interests of the shareholders has been ignored by the latter.

The Madras Mail of the 8th inst. received here today publishes the general conditions of amalgamation of the Presidency Banks. The new Bank will be known as the Imperial Bank of India and the relations of the Government of India with this

Serial No.

this Bank will be very close. The proposed conditions provide for having the Controller of Currency on both the Central Board and the Managing Committee of the Board, and for abolition of the Reserve Treasuries and placing the whole of the Government balances with the Bank.

15) The Imperial Bank of India will have an office in London and the question will have to be considered by us as to whether our London transactions should continue to be entrusted to Messrs Coutts & Co. or transferred to the New Bank to which the Secretary of State for India is likely to make over the whole business including the custody of his sterling balances and the work relating to Council Bills. This question can, however, be taken up only after the New Bank is formed and the conditions under which the Secretary of State's balances are held by it are also settled.

DEWAN'S OFFICE.
Recd. on DEC 11 1919
Reg. No. 3974

Sub to Dewan)
Submitted to Dewan

Drafted 9-12-19
M.N.K
9-12-1919.

Continued on note to the next page.

G. R. S. III-2]

General and Revenue Secretariat.

File No. of 191

Dewan's Minutes (Cont.)

Serial No.

(16) It is rather unfortunate that the action proposed to be taken by the Bank to increase its share capital and reserves was frustrated at the general meeting of the shareholders held early in December last. In view of the general responsibility of Government to see that an institution started under Government auspices, using Government funds, and handling the savings of a large population, rests on unassailable foundations and conducts its business on sound lines, it becomes incumbent on Government to examine the present position of the Bank and decide if any advice should be given under Clause 5 (viii) of the Government Order of the 12th March 1913 to the Bank, especially as the action taken by the Directors to strengthen its position was rendered infructuous by the shareholders.

In his speech proposing an increase in share capital, the Chairman brought out very clearly the following points:-

(1) The gradually decreasing ratio of the capital and reserves to deposits since the foundation of the Bank in consequence of the very large increase in the amount of deposits, the percentage of capital and reserves to deposits at present being only 13.

(2) The inability of the Bank to finance its constituents to the extent wanted by them and the

NOTE—Contn. sheet.

pary.

Serial No.

very large proportion of the trade of the State still untouched by the Bank in consequence of the limitation of funds at its disposal pointing to the urgent necessity of expanding its capital and reserves so as to deal with the increasing business awaiting handling.

(3) The impossibility of the Bank increasing its branches without strengthening its resources further.

(4) The danger of other competitors entering the field and taking up the business that legitimately belongs to the chief banking agency in the State.

18) There is no doubt that the points urged by the Chairman indicated the urgent necessity of strengthening the position of the Bank and it is unfortunate that the shareholders did not appreciate their correct significance. The percentage of ~~deposits~~ deposits to capital and reserves is only 13 while the accepted opinion of recognised experts is that it should be at least 20 in India.

19) It would also appear that the 8 agencies of the Bank require a working capital of 20 lakhs, that is, an amount larger than the capital and reserves of the Bank by 5 lakhs, and as it is impossible to rely on this amount in cases of sudden emergency it is apparent that the Bank is doing

business

business on its short-term deposits to a dangerous extent. As the present position of the Bank can hardly be regarded as very sound, it is impossible for it to open any more agencies or take up the financing of trade any further. It is also impossible for Government to deposit their funds in it any more and it is, moreover, their serious duty to consider if they can allow the funds that are now invested in it to be retained any longer in such a top-heavy institution, as the Bank has unfortunately been allowed to become. It is therefore absolutely necessary that the Bank should increase their capital and reserves and Government must advice the Bank to take action at once in consequence of their general responsibility to which I have referred already.

20) As it is necessary to alter the Memorandum of Association to increase the share capital, it is also advisable to consider whether the Bank may not be advised to consider any further alterations in it as also the articles of association. Public opinion regarding the relationship that the Government should bear to the banking institutions in the State has undergone radical changes within recent years. The British Government which hitherto stood severely aloof from any direct assistance to trade and industry, has, by force

Serial No.

of public opinion, been led to take a more direct part in the finance of industry and trade, though through Banks. I would cite as instances the guarantee given by the British Government for credits to be granted by British Banks for the re-establishment of trade in Europe and the subscription of capital to (1) the Overseas Bank, (2) the British Dye-Stuffs, and (3) The Anglo-Persian Petroleum Company.

21) The Commonwealth Bank of Australia was established by Government, and the Act laying down its constitution provides for the appointment of the Governor and the Deputy Governor of the Bank by the Governor-General of Australia, the affairs of the Bank being subject to the inspection and audit of the Auditor-General of the Commonwealth and the complete control of the Bank by Government, in return for which all the debentures issued by the Bank and all moneys payable by it are guaranteed by Government. Coming nearer home, the proposed constitution of the Imperial Bank of India illustrates the change which has come over public opinion in regard to the relationship that should subsist between the Government of the country and its leading banks.

22) The leading features of the constitution are

(1) The

Serial No.

(1) The General Manager or General Managers will be appointed by Government on the nomination of the Central Board and will hold office for a period of 5 years,

(2) the Controller of Currency will be an Ex-officio Member of the Board and will have powe to require the Board to hold up action for orders of Government on any matter which he might consider to be of vital importance as affecting the Financial Policy of Government or of the safety of its Cash Balances,

(3) the functions of the Central and Local Boards will be governed by bye-laws which will be subject to the approval of Government.

2.) The Bank proposes to open 100 agencies within the course of the next 5 years, of which the Govt. will have the right of nominating the location of 25. The Government will in return undertake to abolish the Reserve Treasuries and to place the whole of their funds with the Bank.

2.) It is necessary that Government should have a more intimate relation with the working of the Bank of Mysore for the following reasons:-

(1) Government should retain sufficient control over the management in order to prevent in future any dangerous decline in the ratio of its capital and reserves to its deposits rendering it impossible

NOTE—Contn. sheet.

(1)

G. R. S. III-2]

General and Revenue Secretariat.

G.f File No. 73 of 1919.

Serial No.

impossible for the Bank to expand its operations and even endangering its stability.

(2) It is necessary that the activities of the Bank should be directed along channels that will promote general economic development of the State and that the Bank should be encouraged as far as possible to assist Government in their general Industrial and Commercial Policy.

(3) It is desirable to consider what retrench-ment can be effected in the expenditure on Govt. Treasuries by delegating the work now done in our Treasuries to the branches of the Bank.

(4) As it is likely that Government will in future have to raise public loans to finance their capital works it is advisable that a strong banking institution with the prestige of Govt. support should be created so that such loans may be raised as cheaply as possible.

(25) The question is exceedingly complex and it is advisable that a strong committee should be appointed to advise Government on the subject.

(26) I shall be obliged if the First Member will undertake to guide the deliberations of the Committee which may be constituted as follows:-

Contd

NOTE—Contn. sheet.

Today 1714 18)

G. R. S. III-2]

General and Revenue Secretariat.

File No. 93 of 191

3974

Serial No.

1. First Member of Council (Chairman),
2. Mr. K. P. Puttanna Chetty,
3. The Director of Industries & Commerce,
4. The Financial Secretary,
5. The Comptroller,
6. The Secretary, E. & A.
7. Mr. Rose,
8. Mr. Shaw
9. The Private Secretary to the Dewan,
10. Mr. B. K. Garudachar.

9) As the question is very urgent, the Committee may be requested to submit their report before the end of March next. Any advice that Government may think necessary may be communicated to the Bank after the report of the Committee is received.

M. K.
20.1.20 20.1.20

1777-28 26.1.20. 28) First Member
I shall be glad to do as desired. M.N.K 24.1.20

If there is no objection I think it would be desirable to have on the Committee one versed in law, and that the Govt. Advocate may also be included in the Committee therefor.

29) Rose P.R. 27.1.20
Agreed. No Objn. 27.1.20

30) Please put draft for order 28.1.20 29.1.20

DEWAN'S OFFICE.
Recd. on JAN 28 1920
Reg. No. 5114

NOTE—Contn. sheet.

G. R S. III-2]

D. 1714.

19

General and Revenue Secretariat.

G.S. File No. 93 of 1919.

Serial No.

31) 4. a rough draft has been alleinfluck
~~3~~ ~~Draft~~ submd. A Secy. has to be appointed to the committee.

29.1.20. Secy

15
30/1/20

32) G.O

33) A draft is put up. As the Committee should have a Secretary, it is proposed to appoint the Secretary to the Industries and Commerce Board as the Secretary to the Committee.

34) It appears to be desirable to consult the Bank regarding the terms of reference to the Committee bfore issuing the order. The Bank may offer useful suggestions for amplifying, if necessary, the terms of reference to the Committee.

DEWAN'S OFFICE.
Recd. on FEB 4 1920
Reg. No. 5308

Dewan 3.2.20 M.N.K 3.2.20
No objn. No objection
M. Kr. 6.2.20

35) 6.2.20

Forwarded to the Manager of the Bank of Mysore for favour of suggestions on the proposals contained in the draft order. M.N. Krishna Rao
M. Venkatasubba Rao
7.2.20

H 1996-19

DEWAN'S OFFICE.
Recd. on FEB 21 1920
Reg. No. 5745

36) The file was received from Mr. Rose
by the Dewan. Draft ... 15 7/2
been approved ... modifications

NOTE—Contn. sheet.

1714 20)

G. R. S. 12]

General and Revenue Secretariat. | File No. 93 of 191

Serial No.

I submit two letters received from -- Mr. Rose. In one, the desire of the Directors to amplify the terms of reference in three respects is communicated. The exact guarantee -- contemplated in the addition suggested under item of reference No.5 is not clear. The proposed addition may be put in a general form as follows:-"Measures for increasing the resources of the Bank for carrying out the works wishes of Government in regard to the general development of trade and commerce in the State." Subject to this alteration the additions proposed may be included in the terms of reference.

2. In the second letter the desirability of appointing the Under Secretary, Finance -- (Mr. B. Srinivasa Iyengar), as Secretary to the Committee is suggested and if this suggestion is accepted, the necessary alteration -- will be made in the draft.

3. Both the Under Secretary and myself will be very busy with the Budget work in March and it will be difficult for us to attend the meetings of the Committee in that month. The time for submission of the Committee's report may be extended by a month. It may be required by the end of April instead of March.

4. The matter appears to be of sufficient importance

NOTE—Contn. sheet.

GPB—70,000—17-12-15

1719
2791

21)

G. R. S. 12]

General and Revenue Secretariat.

File No. 93 of 1919.

Serial No.

importance for submission to His Highness.

mnk
23-2-20

Dewan) (11) As discussed - S.R. may be submitted

Seen
24-2-20

(12) D&U portion. A fair draft
Dewan) including the agreed suggestions
of the Board is also submitted

mnk
25/2/20

DEWAN'S OFFICE.
Recd. on MAR 3 1920
Reg. No. 6053

NOTE—Contn. sheet.

GPB—70,000—17-12-15

G. R. S. III-2]

General and Revenue Secretariat.

G 7 File No. 93 of 1919.

Serial No.

DEWAN'S OFFICE.
Recd. on FEB 26 1920
Reg. No. 5891

43) In continuation of my yesterday's note re. Mysore Bank Committee, I submit Mr. Puttanna Chetty's D.O. suggesting the appointment of the Registrar of Co-operative Societies as a Member of the Committee.

24.2.20

D e w a n)

44) 25.2.20

NOTE—Contn. sheet.

WD A 1789—GPB—60,000—20-3-18—S.

Submitted to His Highness.

G.

45) The Directors of the Bank of Mysore proposed to increase the authorised capital of the Bank from 20 to 50 lakhs and its paid-up capital from 10 to 20 lakhs by the issue of 20,000 new shares at a premium of Rs. 30 per share. They also proposed that the total premium of 6 lakhs may be added to the Reserve Fund. These proposals were not accepted by the share-holders. A copy of the notice regarding the increase of its capital was sent by the Bank for the information of Government and on receipt of this, the proposals of the Bank were examined from the point of view of Government and the Financial Secretary in his note dated the 7th December 1919 made some suggestions for maintaining close relations between the Bank and Government and for ensuring that the operations of the former were in the general interests of trade and commerce of the State. When the case came before me, I considered it desirable to have the whole question thoroughly examined by a Committee for the following reasons:-

46) (1) Government should retain sufficient control over the management in order to prevent in future any decline in the ratio of its capital and reserves to its deposits rendering it impossible for the Bank to expand its operations and even endangering its stability.

47) (2) It is necessary that the activities of the Bank should be directed along channels that will promote general economic development of the State and that the Bank should be encouraged as far as possible to assist Government in their general Industrial and Commercial policy.

29.2.20

(24)

(3) It is desirable to consider [redacted]t retrenchment can be effected in the expenditure on Government Treasuries by delegating the work now done in our Treasuries to the branches of the Bank.

(4) As it is likely that Government will in future have to raise public loans to finance their capital works, it is advisable that a strong banking institution with the prestige of Government support should be created so that such loans may be raised as cheaply as possible.

Draft for approval (57)

2. The draft order submitted herewith shows the constitution of the Committee and contains the terms of reference proposed to be made to it. The Bank was consulted in the matter and its suggestions for amplification of the terms of reference made in its letter dated the 16th February 1920 have been incorporated in the draft. I request His Highness' gracious sanction to the action proposed in the draft order.

M. Kantaraj Urs
29th February 1920

29th Feby 1920

GM.

Record of Cases submitted for [redacted]
of His Highness the M[redacted]

Subject.

5-1) Constitution of a Committee for examining the position of the Bank of Mysore with a view to increasing its usefulness.

Order.

5-2) ~~KRW~~
5/3/20

no 924

5-3) K. Seq
Cent
6.3.20

G. R. S. III-2]

General and Revenue Secretariat. | G. 7. File No. 93 of 1919.

Serial No.

54) Submitted with first number of Council papers issue

8/3/1920

440 9/3/20. 55) Per. Minute in report in the press of 4th April!

56) G. 3
1) Issue today.
2) 100 copies file multigraphed

9.3.20.

Secret.

11) 71. 5500-4 & 9-3-20 — Hods. of Depts. & Members of the committee. — Directs the constitution of a Committee to examine the position of the Bank with a view to increase its usefulness.

NOTE—Contn. sheet.

G.R.S. III—3]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanen

E.7.93-19-5. D 1714

ALL COMMUNICATIONS TO BE ADDRESSED
TO THE MANAGER,
POST BOX No. 37.

The Bank of Mysore, Ltd.

No. 92 829

Bangalore, 18th Nov. 1919

The Financial Secretary to the Govt.
of Mysore,
Bangalore.

13128

Dear Sir,

For information of Government, we beg to hand you herewith copies of notice and letter we are issuing to the shareholders of the Bank re: the proposed increase of capital in accordance with the resolution of the Board of Directors at their meeting of the 7th inst.

Yours faithfully,

Manager.

N.B.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.

THE BANK OF MYSORE, LTD.,
Bangalore, 17th November 1919.

TO

THE SHAREHOLDERS OF

THE BANK OF MYSORE, LTD.

GENTLEMEN,

With the steady expansion that has taken place in the Bank's business since its establishment in October 1913, your Directors are of opinion that the time has now arrived for strengthening the position of the Bank, and also to further extend its sphere of operations.

Your Directors therefore propose, subject to the Shareholders' approval, to increase the Authorised Capital of the Bank from Rs. 20 lacs to Rs. 50 lacs by the creation of 30,000 new shares and issue 20,000 such new shares in the first instance at a premium of Rs. 30 per share with Rs. 50 per share to be called up, thereby raising the Paid up Capital of the Bank to Rs. 20 lacs while the Reserve Fund will be increased by Rs. 6 lacs, as it is proposed that the premium on the new shares be carried to the Reserve Fund.

The 20,000 new shares will, in the first instance, be offered to the existing Shareholders at the rate of one new share for each share held at present, such of the new shares as are not taken by the existing Shareholders in this proportion will next be offered to the members of the staff and then to applicants (being Shareholders) as the Directors deem fit. In order to give effect to the Directors' proposal to increase the Authorised Capital of the Bank from Rs. 20 lacs to Rs. 50 lacs, it will be necessary to make the required alteration in the Bank's Memorandum and Articles of Association referred to at foot.

With this object an Extraordinary General Meeting is convened and notice of same appended to this Circular.

Kindly sign and return at once the enclosed form of proxy if you are unable to attend the meeting.

By Order of the Board,

W. C. ROSE,

Manager.

N. B.—In the event of the proposals being carried, application forms (showing the dates upon which calls will be payable) in respect of the New Capital will be sent to all Shareholders.

THE MEMORANDUM AND ARTICLES OF ASSOCIATION PROPOSED TO BE AMENDED.

" The Capital of the Bank shall be *twenty* lacs of rupees divided into twenty thousand shares of Rs. 100 each."

PROPOSED ALTERATION.—

For the word " *twenty* " substitute " *fifty* " in Section 5 of the Memorandum of Association and Article 5 of the Articles of Association.

G.R.S. III—3]

28

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

The Bank of Mysore, Limited.

NOTICE is hereby given that an EXTRAORDINARY GENERAL MEETING OF THE BANK OF MYSORE, LIMITED, will be held at the Registered Office of the Company, in Avenue Road, Bangalore City, on WEDNESDAY the 3rd day of DECEMBER, 1919 at 5 p.m. when the subjoined Resolutions will be proposed as Extraordinary Resolutions :—

1. That the capital of the Company be increased to Rs. 50 lacs by the creation of 30,000 new shares of Rs. 100 each.

2. That 20,000 new shares (Rs. 50 per share to be called up) be offered in the first instance at a premium of Rs. 30 per share to the members of the Company at the rate of one new share for each share held at present, and that such of the new shares as are not taken up in this proportion by the members be offered to the staff of the Bank and next to applicants (being Shareholders) as the Directors may deem fit.

3. That a sum of Rs. 10 per share towards premium and Rs. 10 towards share capital be payable on application with the further sum of Rs. 10 for premium and Rs. 15 towards share capital on allotment. The balance of Rs. 10 on account of premium be paid with the first call of Rs. 5 three months after the date of allotment, and remaining calls in two instalments of Rs. 10 each at intervals of two months thereafter.

The new shares to rank for dividend from the 1st January 1921.

4. Interest at the rate of 5 per cent., per annum will be allowed on instalments of Share Capital from dates of receipt by the Bank to the 31st December 1920.

5. Such of the Resolutions as may be passed will be submitted for confirmation as Special Resolutions to a second Extraordinary Meeting which will be subsequently convened and of which notice will be given to the Shareholders by advertisement as provided by Article 98.

By Order of the Board,

W. C. ROSE,

Manager.

Avenue Road, Bangalore.

Dated the 17th day of November 1919.

MINUTES OF AN EXTRAORDINARY GENERAL MEETING OF
THE BANK OF MYSORE, LIMITED
HELD AT THE REGISTERED OFFICE OF THE BANK
ON WEDNESDAY, 3RD DECEMBER 1919.

—o—

158 SHAREHOLDERS WERE PRESENT AT THE MEETING.

—o—

Rajasabhabhushana, Dewan Bahadur K. P. Puttanna Chetty C.I.E., **in the chair.**

1. The Manager read the notice convening the meeting.

2. The Chairman explained to the shareholders the objects and reasons for the several proposals of which due notice had been given to all shareholders, and moved the first proposition that the Capital of the Bank be increased to Rs. 50 Lakhs by the creation of 30,000 new shares of Rs. 100 each.

3. Mr. K. Sankaranarayana Rao M. A., B. L. seconded the above motion explaining in Kannada the reasons for the proposal.

4. *Rajamanthrapravina* H. V. Nunjundiah C. I. E. moved an amendment that the Capital be increased to Rs. 40 Lakhs by the creation of 20,000 new shares of Rs. 100 each.

5. *Rajakaryaprasaktha. Rao Bahadur* M. Shama Rao M. A. seconded the amendment.

6. At this stage Mr. E. H. Elliot moved for an adjournment of the meeting.

7. *Rao Bahadur* B. P. Annaswami Mudaliar, C. I. E. seconded the motion.

8. The motion for adjournment having been put to vote, 53 were for the adjournment and a larger number against it.

9. At this stage Mr. B. K. Garudachar demanded a poll supported by the presentation of a duly signed application.

10. *Rajamanthrapravina* H. V. Nunjundiah C. I. E. suggested to the meeting that they may agree to the adjournment in view of obviating the trouble and delay of taking a poll.

11. The meeting then agreed *nem con* to the adjournment.

12. The Chairman accordingly declared that the meeting was adjourned *sine die.*

K. P. PUTTANNA CHETTY,
Chairman.

B. S. Iyengar, Printer & Stationer, B. City.

G.R.S. III—8]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent

ALL COMMUNICATIONS TO BE ADDRESSED TO THE MANAGER.
TELEGRAPHIC ADDRESS: "MYSOREBANK."
CODE: A. B. C. 5TH EDITION.
POST BOX No. 37.

No.

The Bank of Mysore, Ltd.,

Bangalore, 16th Feb. 1920

Confidential D.O. letter dated 16-2-20 from the Manager, Bank of Mysore to the Financial Secretary & Genl.

Acknowledged 17/2/20

The Financial Secretary to the Government of
His Highness the Maharaja of Mysore,
Bangalore.

Dear Sir,

Increase of capital of the Bank of Mysore, Ltd.

I have perused the file of the above case, and the same is returned herewith with thanks.

The proposal of the Covernment to appoint a Committee to have the position of the Bank examined with a view to increasing its usefulness, and the points to be referred to the Committee, were considered by the Directors at their meeting on the 12th inst. I am requested to submit the following further points of reference for submission to the proposed Committee, for the consideration of the Government.

Add.

Under Reference (1)

(a) The average extent to which Covernment Floating balances have been lodged in the Bank since the agreement with Covernment dated March 1918, and how far such funds might be increased and on what conditions.

Under Reference (4)

(a) The extent to which the present Banking business

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent record.]

undertaken by the Government can be made over to the Bank and on what terms.

Under Reference (5)

(a) To consider the advisability of Government guaranteeing the public liabilities of the Bank, other than share capital, with a view to increase the resources of the Bank on reasonable terms for the carrying out of the wishes of the Government in regard to the general development of trade and commerce in the State.

Yours faithfully,

Manager.

The Bank of Mysore Ltd.

TELEGRAPHIC ADDRESS:- "MYSOREBANK." CODE – 5th EDITION A.B.C. ALL COMMUNICATIONS TO BE ADDRESSED TO THE MANAGER.

Bangalore 16 Feby 1920

No. 45a Confidential D.O letter dated 16-2-1920 from the Manager, Bank of Mysore to the Financial Secretary & Govt file relating to Incorporation Capital of Bank

Dear Mr Krishna Rao.

Please I have addressed you officially in the above matter, & am writing you confidentially in the matter of the appointment of the Secy to the proposed Committee. The Directors are of opinion that it would be desirable to have a Secy possessing some knowledge of Banking & Accts

lowest routine Bungalow the ... of Mr. B. Sreenivasa Iyengar. - Your Under Secy for the appointment in question - Will you be good Enough to refer the proposition to the Dewan?

I, also, spoke to the Dewan in the matter for certain nomination on the Ctte; & at the request of the Dewan I have returned the Confidential file direct to him -

Yours Sincerely
C. Rama Rao

M. A. Krishna Rao Esq
Financial Secy

NB.—Should routine notes be written on small slips, the notes must be copied, or slips pasted on this form.

G.R.S. III—8]

Routine Notes.

[To be used only for notes, requisitions, etc., not intended for permanent [illegible]

D 2746 0751

ALL COMMUNICATIONS TO BE ADDRESSED TO THE MANAGER.
TELEGRAPHIC ADDRESS: "MYSOREBANK."
CODE: A. B. C. 5TH EDITION.

No. .....

The Bank of Mysore,

Bangalore, 23rd [illegible]

Dear Mr. Krishna Rao,

If a representative of the Co-operative Banking movement is not included in the personnel of the Committee which will be appointed in connection with the enquiry into the Banking facilities in the State, I would suggest the inclusion of the Registrar of Co-operative Societies or some equally good man. The Co-operative Societies do a good deal of banking

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PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

R e a d :-

Government Order No.Fl.5121-73/B.9-12-2 dated 12th March 1913 regarding the formation of the Bank of Mysore.

2. Letter No.Gl.828 dated 18th November 1919 from the Manager, Bank of Mysore, Ltd., forwarding for information of Government copies of - notice and letter issued to the Share-holders of the Bank regarding the proposed increase - of Capital from 20 lakhs to 50 lakhs.

O r d e r No. Fl 5500-69
3.7.93-19-11.

Dated Bangalore the 9 March 1920

The Bank of Mysore started work in the - early part of 1913 and in the comparatively - short period of about 7 years it has made - steady and satisfactory progress. The volume of its work has largely increased and the Bank has been affording considerable assistance to trade and business in the State. At the same time, the demand for greater banking facilities has increased and is still increasing. The resources at the disposal of the Bank are not adequate for meeting the growing demands and consequently a large proportion of the trade of the State is till untouched by the Bank. The volume of deposits has increased and as the amount of capital is comparatively small and has also remained stationary, there has been

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a gradual decrease in the ratio of capital - and reserve to expanding deposits. Government understand that it is under the consideration of the authorities of the Bank to increase the capital with a view to extend its business. At the time of the formation of the Bank the intention was to arrange for a gradual transfer - of the Government Treasury work at District - Head quarters and other places to the Bank. But so far action has not been taken to give effect to this itention, except to a small extent ~~its~~ at Bangalore. It is also necessary to define more exactly than was possible at the time of its formation the relations between the Bank and the Government.

2. In these circumstances, Government consider it advisible to have the position of the Bank examined with a view to increasing its - usefulness. They are accordingly pleased to appoint a Committee consisting of the following

(1) First Member of Council. (Chairman)

(2) Rajasabhabhushana Diwan Bahadur K.P.Puttanna Chetty, Esq., C.I.E.,

(3) The Director of Industries & Commerce.

(4) The Financial Secretary to Government.

(5) The Secretary to Govt., E & A. Deptts.

(6) W.C.Rose, Esq., Manager,Bank of Mysore.

(7) The Comptroller to Government.

(8) The Registrar of Co-operative Societies.

(9) The Private Secretary to the Dewan.

(10) B.K.Garudachar, Esq., Director,Bank of Mysore Ltd.,

(11) The Government Advocate.

The Under Secretary to Government,Finance Department will be the Secretary to the Committee.

~~x According to the suggestion of Mr.K.P.Puttanna Chetty subject to approval.~~

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3. The Committee is requested to consider and submit recommendations on the following points

(i) Improvement of resources of the Bank by increasing its Capital and Reserve Fund.

The average extent to which Government floating balances have been lodged in the Bank since the agreement with Government dated March 1918, and how far such funds might be increased and on what conditions.

(ii) Formulation of a definite policy of assistance extension of banking facilities by opening branches of the Bank in important centres of trade and business in the State.

(iii) Measures for affording financial assistance to industrial concerns in the State.

(iv) Transfer of Government Treasury work to the Bank and reduction of cost of Treasury establishment that can be effected by such transfer.

The extent to which the present Banking business undertaken by the Government can be made over to the Bank and on what terms.

(v) Definition of the relation between the Bank and the Government for ensuring that the general lines of business pursued by the Bank are in the interests of the State and that the Government obtain from the Bank the co-operation and help required in furtherance of their general industrial and commercial policy, including the floatation of public loans for financing productive works.

Measures for increasing the resources of

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the Bank for carrying out the wishes of Government in regard to the general development of trade and commerce in the State.

(vi) Other matters on which the Committee considers it desirable to recommend the alteration of existing or the introduction of new arrangements, with a view to extend the sphere of usefulness of the Bank and to promote the general economical interests of the State.

4. The Committee is requested to submit its recommendations before the end of April next.

5. The Heads of Departments are requested to promptly furnish any information required by the Committee.

29.2.20

26/2/20

Financial Secretary to Government.

To

The First Member of Council. (Chairman)
The Members of Committee.
~~The Registrar, Mysore University.~~
The Heads of Departments.

PROCEEDINGS OF THE GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

GENERAL AND REVENUE DEPARTMENTS

Read:-

1. Government Order No.Fl.5121-73/B.9-12-2 dated 12th March 1913 regarding the formation of the Bank of Mysore.

2. Letter No.Gl.828 dated 18th November 1919 from the Manager, Bank of Mysore,Ltd.,forwarding for information of Government copies of notice and letter issued to the Share-holders of the Bank regarding the proposed increase of Capital from 20 lakhs to 50 lakhs.

Order No. Fl. 5500-49/G. F. 93-19-11 Dated Bangalore, 9th March 1920

The Bank of Mysore started work in the early part of 1913 and in the comparatively short period of about seven years it has made steady and satisfactory progress. The volume of its work has largely increased and the Bank has been affording considerable assistance to trade and business in the State. At the same time, the demand for greater banking facilities has increased and is still increasing. The resources at the disposal of the Bank are not adequate for meeting the growing demands and consequently a large proportion of the trade of the State is still untouched by the Bank. The volume of deposits has increased and as the amount of capital is comparatively small and has also remained stationary, there has been a gradual decrease in the ratio of capital and reserve to expanding deposits. Government understand that it is under the consideration of the authorities of the Bank to increase the capital with a view to extend its business. At the time of the formation of the Bank the intention was to arrange for a gradual transfer of the Government Treasury work at District Headquarters and other places to the Bank. But so far action has not been taken to give effect to this intention, except to a small extent at Bangalore. It is also necessary to define more exactly than was possible at the time of its formation the relations between the Bank and the Government.

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(2) Rajasabhabhushana Dewan Bahadur K.P.Pattanna Chetty, Esq.,C.I.E.
(3) The Director of Industries and Commerce in Mysore.
(4) The Financial Secretary to Government.
(5) The Secretary to Government, Education and Agriculture Department.
(6) W.C.Rose, Esq.,Manager, Bank of Mysore.
(7) The Comptroller to Government.
(8) The Registrar of Co-operative Societies.
(9) The Private Secretary to the Dewan.
10) B.K.Garudachar,Esq.,Director,Bank of Mysore Ltd.,
11) The Government Advocate.

The Under Secretary to Government, Finance Department, will be the Secretary to the Committee.

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Measures for increasing the resources of the Bank for carrying out the wishes of Government in regard to the general development of trade and commerce in the State.

(vi) Other matters on which the Committee considers it desirable to recommend the alteration of existing or the introduction of new arrangements, with a view to extend the sphere of usefulness of the Bank and to promote the general economical interests of the State.

4. The Committee is requested to submit its recommendations before the end of April next.

5. The Heads of Departments are requested to promptly furnish any information required by the Committee.

M. N. KRISHNA RAO,
Financial Secretary to Government.

To

The First Member of Council (Chairman.)
The Members of Committee.
The Heads of Departments.